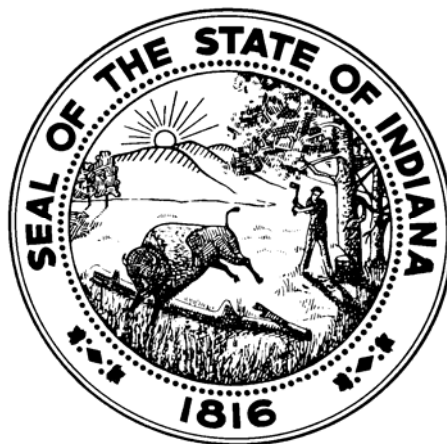


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT
OF
BOARD OF COUNTY COMMISSIONERS
JEFFERSON COUNTY, INDIANA
January 1, 2005 to December 31, 2005



FILED
03/16/2007

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Board of County Commissioners	Michael Frazier Julie Berry	01-01-05 to 12-31-06 01-01-07 to 12-31-07
President of the County Council	Jacob Kloepper David J. Craig	01-01-05 to 12-31-05 01-01-06 to 12-31-07



STATE OF INDIANA

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TO: THE OFFICIALS OF JEFFERSON COUNTY

We have examined the records of the Board of County Commissioners for the period from January 1, 2005 to December 31, 2005, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Examination Results and Comments. The financial transactions of this office are reflected in the Examination Report of Jefferson County for the year 2005.

STATE BOARD OF ACCOUNTS

February 12, 2007

BOARD OF COUNTY COMMISSIONERS
JEFFERSON COUNTY
EXAMINATION RESULTS AND COMMENTS

PAYROLL CLAIMS CERTIFIED IN ADVANCE

Our comparison of payroll vouchers date, check date, and direct deposit date for the period ending October 14, 2005, showed the following:

1. Payroll vouchers certified by department heads were submitted to the County Auditor's Office between October 7, 2005, and October 11, 2005.
2. Payroll checks and direct deposits were dated October 14th.

The above payroll process results in department heads certifying to time worked by their employees in advance. This process could result in an employee being paid for time not worked or inaccurate recording of compensated leave.

County officials stated this has been a historical practice by the County. The Board of County Commissioners should implement a payroll process whereby payroll claims are certified by department heads after the end of the payroll period.

A similar comment was included in the prior audit report.

Indiana Code 36-2-8-2(b) states in part: "The manner of payment of salaries and wages under this section must be authorized . . . by the executive of . . . county."

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

CREDIT CARD POLICY

Jefferson County uses credit cards to purchase certain items. However, no credit card policy has been adopted by the Board of County Commissioners.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.

BOARD OF COUNTY COMMISSIONERS
JEFFERSON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

DONATIONS TO NOT-FOR PROFIT ENTITIES

In 2005, \$24,000 and \$48,400 were donated from the Riverboat Fund and the County General Fund - Commissioners Budget, respectively, to various not-for-profit entities without a contract or agreement showing what services the not-for-profit entity would provide.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Counties, Chapter 1)

BOARD OF COUNTY COMMISSIONERS
JEFFERSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on February 12, 2007, with Julie Berry, President of the Board of County Commissioners; David J. Craig, President of the County Council; and Sandra J. Shelton, Auditor. The officials concurred with our findings.